

Welcome. And thank you all for standing by. All participants will be on listen only mode for the duration of today's conference. If you need operator assistance at any time, you can press star zero. And I would like to turn the call over to Miss Melissa Siry. Thank you mam. You may begin.

Melissa Siry: Great. Thank you. Welcome. I am Melissa Siry from the implementation and support unit at the US Department of Education. And I am joined today by my colleague Renee Faulkner. Thank you for participating in today's webinar on the FY 2013 Race to the Top - District Competition. During this presentation, we are going to review the requirements for completing the budget portion of the application and will provide some lessons learned as you prepare your budgets. This guidance is applicable to individual LEA and consortia applicants. The budget is an important part of the Race to the Top - District application, and we wanted to ensure that applicants had detailed information as they complete this section. The peer reviewers will assign up to 20 points for the budget and sustainability section of the application and the budget will be integral to the project implementation if awarded a Race to the Top - District grant. In order to maximize the amount of time that potential applicants have to write their proposals, the Department has a very short window to conduct budget reviews before making awards. Therefore, we encourage applicants to use this guidance and be as clear as possible when submitting budgets to expedite the review process for the grantee and for the Department. As with all webinars, the slides are available on the Race to the Top - District website for your reference. Please note that we will only be covering the budget portion of the application and will not be addressing topics or questions beyond the budget. Also note that due to a large number of participants on today's Webinar we will only be accepting questions via the chat feature and we will answer as many as possible at the end of today's session. If you've participated in previous Webinars, then you will know that we do not respond to questions individually. Instead, we will share the questions and responses with all participants. Please feel free to send in technical, clarifying, or logistical questions. As mentioned in the RSVP message, we are unable to answer questions about a specific approach or individual proposal. If you have questions that are not addressed in today's webinar, or in our frequently asked questions document, please submit them by email to 2013.racetothetop.district@ed.gov. We will be hosting additional webinars to answer questions submitted to our email box. Please see our website for dates and registration information for future webinars. Before we begin, we would like to remind you of several resources that are available to support districts in completing the FY 2013 Race to the Top - District application. First, the FY 2013 Executive Summary provides key information and definitions from the Notice Inviting Applications, or NIA. The application includes all of the required components, as well as detailed instructions for completing and submitting the application to the Department. The Frequently Asked Questions document includes answers to common questions about the competition. This document will continue to be updated as needed over the next few months. The FY 2013 Notice of Final Priorities, or NFP, is the regulatory document that establishes the priorities, requirements, definitions, and selection criteria for the competition. The FY 2013 NIA explains how the priorities, requirements, definitions, and selection criteria established in that NFP apply to the FY 2013 competition. The definitions for all of the defined terms can be found in the NIA. The Fast Facts document provides key information for the FY 2013 Race to the Top - District Competition. And the Background document explains how the program's priorities were developed and will help applicants understand the Department's approach to the competition. All

of these resources are available on the Department's website. The website also includes the slides and transcripts from previously held webinars. We will start with an overview of the budget requirements. This slide includes the main parts of the Notice Inviting Applications. As a reminder, applicants must meet the eligibility requirements in order to receive a Race to the Top – District grant. Applicants must address Absolute Priority 1, personalized learning, throughout their proposal and select one of Absolute Priorities 2-5 based on its participating students. The Selection Criteria are the criteria you will write to throughout your application and are what the peer reviewers will judge and score. The Program Requirements are those requirements that must be met throughout the grant period by all applicants who eventually receive a grant. In this webinar, we will focus on Selection Criterion F, Budget and Sustainability and the first program requirement, related to the budget. For detailed information on all of these elements, please refer to the Overview of the Race to the Top – District Competition webinar offered on August 7th. Those slides are located on our website. Selection Criterion F focuses on budget and sustainability. F1 asks applicants to identify all funds that will be used to support the Race to the Top – District Project. This includes Race to the Top – District funds and other sources of funding that may include grant or external foundation support, or local, State, or other Federal funds. The budget in F1 must be reasonable and sufficient to support the applicant's proposal and must provide a thoughtful rationale for investments and priorities included in the budget. Please note that applicants would respond to selection criterion F1 in the Budget section of the application that can be found in part XI. We will walk through Part XI of the application in much more detail throughout this presentation. There are very few restrictions on the uses for Race to the Top – District funds so applicants can design budgets that meet the needs of their proposals. For specific information over allowable uses of funds, please see FAQ G-1. F2 focuses on sustainability of the project's goals after the term of the grant. This high quality plan should include support from State and local government leaders and other sources of financial support. Please include the narrative response to F2 in the selection criterion section of the application, which is found in Part 9 of the application as shown on the next slide. As noted on the prior slide, please respond to selection criterion F1 in Part XI of the application which can be found on pages 72-84. Please respond to selection criteria F2 in Part 9 of the application shown on this slide. As noted in the first Program Requirement, an applicant's budget request for all four years of its grant must fall within the applicable budget ranges. The Department will not consider an application that requests a budget either above or below the applicable range of awards. Please note that the number of participating students in the reward ranges have been altered since the FY 2012 competition. Applicants must serve the minimum number of students associated with their budget range in each year of the grant. For more information on how to calculate the number of participating students served by your proposal, please see FAQ C6-C8. Before we jump into the components of the budget, we thought it would be helpful to walk through how each of the pieces fit together. I'll now turn it over to Renee to walk through the next portion of the presentation.

Renee Faulkner: Thanks Melissa. In the budget section of the application, there are two main sections: the overall budget summary and project-level budgets. For each part, applicants must complete a budget table and a budget narrative. Again, we will walk through each section in more detail throughout this presentation. To assist applicants, the Department has created an Electronic Budget Spreadsheets. Although not required, we strongly recommend applicants use this tool when completing

their budgets. This chart illustrates how the pieces of the budget fit together. The Race to the Top – District plan is the basis for the budget. To create projects, applicants should look at their proposals and determine how they will support the various commitments in the application narrative. Remember, all activities in the budget should be reflected in an application narrative. All boxes shaded and outlined in blue are required components of the application. After reviewing the application narrative, applicants should begin to develop project-level budgets. Applicants can have any number of projects; in the chart above, the applicant has three projects. Feel free to use as many or as few projects as you need to accomplish the goals in your proposal. For each project, applicants must include a project-level budget table, table 3-1, and a project-level budget narrative that includes cost justifications for each expense in table 4-1. The sum of the project level budget tables is the overall budget summary table. The overall budget summary table, table 1-1, includes all expenses in each project of the Race to the Top – District plan and, as we will discuss later in the presentation, should also include funds outside of the Race to the Top – District funds that will be used to support the proposal. In addition to the overall budget summary table, applicants will submit a summary project list, table 2-1 that includes the title and other relevant information for each project. This is like a Table of Contents for all of your project-level budgets. Finally, the applicant will also include an overall summary narrative that describes the budget and how it will help the applicant meet its goals. To support districts, the Department has created Electronic Budget Spreadsheets, outlined in green at the top of the chart. The Electronic Budget Spreadsheets can be used as a tool to help applicants develop their project-level and summary budgets. They contain formulas that automatically total each project budget, and also calculate the overall budget summary table and complete the summary project list, noted with the arrow. We will now discuss the project-level budgets in more detail. To accomplish the objectives in your Race to the Top – District proposal, you will likely need several projects. These projects are the mechanisms to accomplish the objectives in your plan. For example, you may have projects to create a Race to the Top – Implementation team or to train teachers on new personalized learning strategies. As mentioned before, applicants must include a project-level budget table and narrative for each project budget. Subpart 3 of the Budget section, on page 74 of the application, asks for the project-level budget table, table 3-1, for each project. This table must include the sum of the project level costs as well as the itemized costs described in each project-level budget narrative that we will review in a moment. It serves as a cover sheet for each project. This table, 3-1, from page 74 of the application, is the table that must be included for each individual project. Applicants must have one table for each project that will serve as a cover sheet for that project. Therefore, the total number of project-level tables will vary for each applicant. This table includes budget categories broken out by year and the total budget amounts for that project. In addition to the annual expenses and budget category expenses, applicants must include a project title and the primary and associated selection criteria as indicated at the top of the chart. For example, a project may focus primarily on selection criterion C1, but also address work in E3. Applicants may include as many associated selection criteria as necessary. This should be noted for each project. We wanted to note that the same budget categories that appear in Table 3-1, or the project-level table, appear throughout the Budget section. Applicants will complete a similar table for the overall budget summary table and will address these categories in the budget narrative. Applicants must use these categories when completing their budgets. We are required to look at these categories as we manage and oversee our Federal funds. These basic categories are the same across all Federal

programs. Applicants may not add other categories or edit these categories. If an LEA uses different categories in the local budget process, please review the definitions of the local categories to see how they align with the Federal categories required here to ensure you enter the information in the correct Federal budget category. Over the next few slides, we will walk through each of the budget categories in more detail. Applicants must include a narrative for each of their project-level budgets. The budget narrative should address selection criterion F1, including an overview of each project for which an applicant requests to use grant funds. The application includes a space to enter the project-level budget narratives on page 75 of the application. In addition, applicants must include itemized project costs for each project, by category and year, in table 4-1 of the application. We will review this table in more detail over the next few slides. Remember, you will need a budget narrative and itemized project costs for every project, so repeat this section, as necessary. When completing Part XI of the application, remember that you are addressing selection criterion F1, so use the budget narrative and tables to address the specific elements that are included in that selection criterion. When creating project-level budgets, some projects may address one selection criterion or the competitive preference priority while others might address several selection criteria. The budget tables require applicants to note a primary selection criterion and any associated selection criteria. Remember the budget should reflect all of the work associated with implementing the high-quality plans and all other aspects of the proposal in the selection criteria and competitive preference priority described in the application narrative. Again, all work that is referenced in the narrative should be reflected in the budget, and all work supported in the budget should be reflected in the narrative of the proposal. When writing the budget narrative, it should be of sufficient scope and detail for the Department to determine whether the included costs are necessary, reasonable, and allowable. The applicant must provide a summary and itemized costs for all projects that the applicant believes are necessary in order to implement its proposal. As mentioned earlier, Part XI of the application includes a section for the project-level budget narratives. In addition to the budget narratives, applicants should complete table 4-1 that includes the itemized costs for each project for each year. For each budget category, applicants must include a cost description, costs assumptions and the total costs for each item. Applicants should use one row for each expense, so make sure to add as many rows to the table as you need. Table 4-1 includes descriptions of each budget category and several definitions to help you as you develop your budgets. The first category is personnel. It is important that applicants explain the importance of each position to the success of the project and make connections back to specific project plans as described in the cost description column. This may include project directors, professional development coaches, data analysis positions, or any other personnel position that is necessary to accomplish the goals of your proposal. If an organizational chart or other supporting information would be helpful to reviewers, feel free to include those items in the Appendix, with a reference to their location in the narrative. When addressing the cost assumptions, applicants should include the salary of the position, the number of employees and the amount of time that position will spend on the project. For example, an employee may spend 50 percent of his or her time working on Race to the Top – District, so the grant would only fund that portion of the employee's time. In addition, also include any additional basis for cost estimates. It is also important to note in what years the position will serve. For example, professional development coaches may not be needed until grant year 3 or 4, so make sure to include that detail in the cost column. For fringe benefits, applicants must include the amount per personnel position as indicated in the cost description column. In the cost

assumption box, please explain how the fringe rate was applied. For example, if your approved fringe rate is 20 percent apply the rate of 20 percent for the position for each project year to obtain the total amount over the grant. If an applicant receives an award, the applicant will be required to provide evidence of the fringe rate during the budget review process. For travel, applicants must explain the purpose of the travel, how it relates to the project goals and how it will contribute to the project success. The evidence should include the parties who will likely engage in travel. For the cost assumption, applicants should include at a minimum the estimated number of trips per year, the estimated transportation, and substance costs for each trip for each year and any additional basis for cost estimates for computations. Each travel item should have its own row in this table. Consistent with SEA and LEA policy equipment as defined as tangible, not expendable personal property having a useful life of more than one year and an acquisition cost of five thousand dollars or more per unit. For each equipment expense, applicants must explain what equipment is needed and why it is needed to meet the program goals. The cost assumption should include the estimated cost per unit, the number of units being purchased, the definition of equipment used by the applicant if it differs from the definition provided here, and any additional information. Applicants must provide the cost per year and total amount of funds for each equipment purchase. Consistent with LEA policy, supplies are defined as tangible personal property excluding equipment. Applicants must describe what supplies are being purchased and the purpose of those purchases. This should include an estimate of materials and supplies needed for the project by nature of the expense or general category. For example, instructional materials or office supplies. The basis for cost estimates or computations must also be included. For contractual costs, applicants must explain what goods or services will be acquired and the purpose and relation to the project for each expected procurement. This should include the expected deliverables and the associated cost for each project year of the grant. When explaining the cost assumption it is important to describe the estimated cost per expected procurement overall and per year and how that estimate was reached. For example, you may use other contracts you have procured as a basis for new contracts as required to meet your application goals. For professional services contracts include the amount of time to be devoted to the project including the cost to be charged to this proposed grant award. For any meeting or logistic support identify anticipated locations and approximate rates. As with other categories applicants should include any additional information that substantiates the estimated cost. It is very important that applicants include the cost of the contract per year and indicate when there may be multiple contracts to accomplish a single product or professional service. This is particularly important when calculating indirect costs, which we will describe in detail in a few minutes. Please note that because grantees must use appropriate procurement procedures to select contractors, applicants do not need to include information in their applications about specific contractors that may be used to provide services or goods for the proposed project if a grant is awarded.

The next category is training stipends. Please note that the training stipend line item only pertains to costs associated with long term training programs and college or university coursework, not workshops or short-term training supported by this program. Salary stipends paid to teachers, and other school personnel for participating in short-term professional development should be reported in the personnel line which is line 1 of the budget. When there are training stipends, applicants should include the training to be acquired and the purpose of the training. The cost assumption should include the related

personnel, cost per session if available, and the cost estimates and basis for the training per year and overall. The Department understands that there may be other expenses necessary to execute the project that may not fall in any of the earlier categories. Those expenses should be included under the category labeled "other." Examples of other expenses are communications, printing, postage, or equipment rental. As with all sections the applicant should include the cost per item and other information. Be sure to include the year of the expenses and include multiple lines and all other expenses. In line 9, applicants should include the total direct cost for each project year and overall. This is the sum of lines 1-8. After determining the total direct costs, applicants will need to indicate the total indirect cost. We will walk through how to calculate indirect cost in the next section of the webinar. Line 11 is the total grant funds requested or the sum of lines nine and ten including direct and indirect costs for each project year and overall. As indicated in selection criterion F-1, applicants should identify all funds that support the project. In addition to the Race to the Top – District Grant funds, this may include for example, external foundation support LEA, State, or other Federal funds. In this category applicants should identify all other sources of funds that will support each of the projects. Line 13 is the sum of the total Race to the Top - District funds and funds from other sources, lines eleven and twelve, that should be used to support the projects. In this example, the grant will fund a Project Director that will manage the day to day activities and management for Race to the Top – District Grant. The employee will work on the project 100 percent of the time for all four years of the grant. However, there is time allotted to hire a Project Director and as a result, will not pay the full salary in year one. In the total column, we summed the total for each project year to determine the total amount over the course of the grant. As shown here, some expenses may not cost the same across each grant year, particularly in contractual expenses; therefore, applicants must include the total amount of each expense by project year and over the grant period.

Now we will talk a little bit more about indirect costs, which is one of the budget categories we just mentioned. An LEA or consortium of LEAs must use Race to the Top – District funds for indirect costs consistent with its approved Race to the Top – District budget. Indirect cost are those that are a) incurred for a common or joint purpose benefiting more than one cost objective and b) not readily assignable to the cost objective specifically benefited without effort disproportionate to the results achieved. Indirect costs represent the expenses of doing business that are not readily identified with a particular grant project function or activity, but are necessary for the general operation of the organization and the conduct of activities it performs. Indirect costs are generally administrative costs such as salaries and expenses for staff engaged in organization-wide or general activities. Typical indirect costs include the costs of procurement, payroll, personnel functions, maintenance and operations of space, data processing, accounting, auditing, budgeting, or communications. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose in like circumstances has been assigned as a direct cost. For more information on indirect cost rates please refer to the Department's *Cost Allocation Guide for State and Local Governments*. The link to this document can be found on the slide and in the Race to the Top – District FAQ document on the Race to the Top – District website.

If an LEA chooses to include such costs, it must use the current approved indirect cost rate approved by the State Education Agency in a manner that is consistent with the Education Departments General Administrative Regulations or EDGAR. The indirect cost rate must be applied in accordance with the terms and procedures established by the State Educational Agency. If multiple LEAs apply as a consortium, the indirect cost for the consortium is limited to the amount derived by applying the rate of the lead LEA. As there is no supplement, not supplant for the Race to the Top – District Grant applicants may use either the unrestricted or restricted indirect cost rate at their discretion when developing the Race to the Top – District budget. An applicant may apply its indirect cost rate only against the first \$25,000 of each contract on a yearly basis subject to that being consistent with its Indirect Cost Rate Agreement and not against the full amount of each contract. In this example, the indirect cost rate is applied against the total amount of fund for personnel, in this case, one position. However, for Contract A the indirect cost is only applied against the first \$25,000 per year. Thus for Contract A, the applicant can only claim \$2,500 per year for the contract for a total of \$10,000 over four years.

If an applicant requests reimbursement for indirect costs it must complete the form in section 11 of the application on page 81. An applicant should submit verification of a valid indirect cost agreement with its application in this form on page 81 of the application. Applicants must indicate whether or not the applicant has an indirect cost rate that was approved by its SEA. If no is checked, the applicant should contact the business office of its SEA. If yes is checked, indicate the beginning and ending dates covered by the approved Indirect Cost Rate, in addition indicate the name of the SEA that approved the approved rate. If yes is checked, the applicant should include a copy of the Indirect Cost Rate agreement of the Appendix. The overall budget summary table project list and narrative flow from the project level budgets we just reviewed.

Subpart 1 in Part 11 of the application is for the overall budget summary table. This table 1-1 is the sum of the project level tables. This should include the budget totals for each category and year across all projects in the grant. Similar to the project level budget table the overall budget summary table, table 1-1, from page 72 of the application asks for the annual expenses and expenses by project category. Again, this table is the sum of all of the project level budget tables. The amount in line 11 column E or the total amount of grant funds requested for the four years of the grant must be within the required award range in the program requirements. Therefore, if you are serving 4,500 students in your proposal, your total budget in line 11 column E circled in the chart must fall between four and ten million dollars.

In the budget narrative for the overall budget summary, applicants should respond to selection criterion F-1. The peer reviewers will assess the extent to which an applicant's budget meets the selection criterion F-1. This overall budget summary narrative should be of sufficient scope and detail for the Department to determine if the costs across the applicant's budget are necessary, reasonable, and allowable. This should also include a summary of the projects that the applicant has included in its budget including the project names, associated criteria, total grant fund requested, and total budget, which included outside sources of funds. As you can see at the bottom of this slide, there is a space for applicants to complete the Overall Budget Summary Narrative in part 11 of the application.

As mentioned on the previous slide, the Overall Budget Summary Project List table 2-1 includes a summary of all projects that are included in the Race to the Top – District proposal. As mentioned before, it's important that each project include a title and the associated application criteria for the project, in addition to the total amount funds requested and total budget. This table helps highlight the connection between the grant proposal and the budget and is a good way to check that you have included all of your commitments in your budget.

I will now turn it back over to Melissa who will review the electronic budget spreadsheets.

Melissa Siry: Great, we will now review the electronic budget spreadsheets in more detail, and we'll discuss how this tool can help you as you develop your budget. We know that there are a lot of moving pieces as you develop your proposal. So, to support applicants in developing their budgets we strongly suggest that applicants use the Race to the Top – District electronic budget spreadsheets. The Department developed these spreadsheets based on feedback from previous applicants and grantees. We know that many applicants were using Excel to develop their budgets. So the electronic budget spreadsheets have formulas built into them that are intended to help applicants produce the budget tables that they submit as part of their responses to selection criterion F-1. Applicants should include the relevant tables in the appropriate place in their proposals by copying and pasting from the electronic budget spreadsheets into the appropriate place in their proposals. Please note that the Race to the Top – District electronic budget spreadsheets will not be used by peer reviewers to judge or score an applicant's proposal. Only the budget summaries and narratives in the applicant's proposal will be reviewed and scored by peer reviewers. However, the electronic budget spreadsheets will be used by the Department to conduct its budget reviews for grantees and can help you if you develop your budget. The spreadsheets will also help expedite the Department's review of budgets, which we will discuss shortly.

Before we discuss the instructions on how to complete the electronic budget spreadsheets, we just want to thank everyone for submitting questions through the chat feature. We will get to them toward the end of the presentation.

Great, when completing the electronic budget spreadsheets, applicants should begin with project level budget 1. In the spreadsheet, we've included sample numbers to demonstrate how the workbook functions. The electronic budget spreadsheets include fifteen project worksheets. Applicants should add worksheets as necessary by copying and pasting the existing template sheet. Make sure to delete any project sheets that you may not be using. It is very important that the applicant name is on every worksheet so please check before submitting the files to the Department. Once the electronic budget spreadsheet is complete, applicants should copy and paste the data from the electronic spreadsheet into the application where required. We know that budgets often change until the last minute so please make sure that you update both the electronic spreadsheet and tables in the application narrative when making any changes to the budget. When completing the spreadsheets applicants should update all yellow fields and the white budget fields. Purple fields contain formulas and will automatically populate

as you include data in the budget fields. Do not manually enter numbers in these purple cells, but do ensure that you check the calculations to make sure the right information is in all cells. This is a project level budget table or table 3-1. As we already discussed, applicants should include the applicant name, project name, the primary selection criterion, and location in the application, and any additional associated selection criteria. In the electronic budget spreadsheet, the tables are labeled on the tabs at the bottom of the worksheet, and on most worksheet pages. After including the project expenses for each budget category by project year, the table will automatically calculate the project totals in the purple cells. Remember to include a project level budget summary table for each project. The project level narrative table, table 4-1, was not available in electronic format for the FY2012 application but is included in this year's electronic budget spreadsheet. Similar to the 3-1 project level budget tables, applicants should include the applicant name, project name, the primary selection criterion and location in the application, and any additional associated selection criteria. Applicants should also enter the start and end date for each of the four project years. These tables are labeled on the bottom of the worksheet and on most worksheet pages. The information entered into the 4-1 table should be copied into the application where necessary.

Remember to include a project-level budget table with itemized costs for each project.

The project-level narrative in budget table 4-1 requires a description of each cost in the project.

The information in the table included in table 4-1 in the electronic budget spreadsheets is the same as the information and tables found in part 11 of the application that Renee walked through already. Be sure to update the information in both places when making changes to your budget. The Overall Budget Summary Project List or table 2-1 contains formulas that will automatically pull from your project level budget to create the overall budget summary including the project name, primary associated selection criterion, and the location in the application and other associated selection criterion, the total Race to the Top – District Grant funds requested as well as the total budget for each project. Make sure you review this table to ensure all information is correct and that all of your projects are included. You can delete any additional rows.

Finally, the Overall Budget Summary Table, table 1-1, contains formulas that will automatically pull from your project level budget to create the overall budget summary. Please check this table for accuracy. Remember to copy and paste all of the tables into part 11 of the application for the peer reviewers. Again, the electronic budget spreadsheets will not be judged by peer reviewers. They are a tool for your use, and they will be used by the Department to expedite the budget review process for grantees. To review, the Race to the Top – District plan should be the foundation of the project-level budget. Please note that grantees are responsible for executing all of the commitments in their applications, even if they are not included in the project level budget. So it is important that you think carefully about what commitments are in your application, and how that translates into your project budget. Applicants must also justify all costs in the budget so applicants must use the project level itemized cost in table 4-1 to explain the cost basis for each expense. Applicants should use the electronic budget spreadsheets as they develop their proposals to check budget calculations, try different budget scenarios, or determine funds available for specific purposes. Once the project level tables are complete the electronic budget

spreadsheets will automatically populate the overall budget summary table, table 1-1, and the summary project list, table 2-1. All you need to do for those tables is double check the numbers and information and copy and paste them into your application narrative. Finally, the overall summary narrative should address why the budget is necessary, reasonable, and allowable. Again, in part 11 of the application, applicants must include 1) the overall budget summary table, table 1-1, 2) the overall budget summary narrative, 3) the overall summary project list, table 2-1. For each project, applicants must include 1) project level budget summary tables, table 3-1, and 2) project-level budget narrative including itemized cost descriptions in table 4-1. Remember you are responding to selection criterion F-1 in part 11 of the application. Peer reviewers will evaluate the overall narrative, the project-level narrative, and all tables. Remember, you are responding to selection criterion (F)(1)1 in part 11 of the application. Peer reviewers will evaluate the overall narratives, the project-level narratives, and all tables. You are responding to selection criterion F-2 regarding budget sustainability in part 9 of the application. Although part 9 of the application only asks for a narrative response, feel free to include budget tables or any other information you think would be helpful for peer reviewers in evaluating in your response.

We wanted to review a few lessons learned about completing your budget based on feedback from previous grantees and applicants and our experiences with other grant programs particularly the Race to the Top – State Competition. As noted on this agenda, we will be responding to all questions at the end of the webinar. When completing the budget make sure that the budget aligns with the application. This means that all activities in the budget should be reflected in the application narrative. If the district or consortium plans to fund the project under the Race to the Top – District grant, it must first be introduced and explained in the application narrative. Conversely, all plans referenced in the application narrative should be referenced in the budget. If the district or consortium plans to fund a project with Race to the Top – District dollars, be sure that funding for this project is included in the budget. If the application narrative describes a project that is funded in whole or in part with non-Race to the Top – District dollars, funding for that project should be included in the budget line item funds from other sources used to support the project. As you prepare the budget, be sure to think through budget time lines. Allot time to hire staff and draft and issue RSPs. For example, if you plan to hire an individual to support the Race to the Top – District grant make sure that the budget accounts for the time it will take to hire that individual. If it typically takes three months to fill the position, and the individual will only work for nine months in the first year of the grant, then the year one budget for that position should be adjusted accordingly. In addition, consider when school-level implementation will occur. For example, if school-level implementation will not occur until fall 2014, be thoughtful about the activities that will need to occur leading up to that time. Additionally, make sure that the start and end dates of the grant in each project are properly accounted for in the budget. If your plan includes issuing a contract or program support in years three and four, do not budget for that contract in year one. Note that applicants may set the start and end date of the budget year at any point within the project period, which begins on the date of award and ends four years later. This may be beneficial to you if you'd like to align your project year with your State, Federal, or Local Fiscal Year. For more information on setting your project years, see FAQ E-32.

When completing the budget, be sure that you are using consistent estimates for similar items. For example, if you are budgeting for the cost of a computer in project budgets we would expect the cost of the computer to be the same in both budgets. If there are differences in the estimated costs for similar items, these differences should be clearly explained in the budget narrative. Applicants should also ensure that the figures you describe in the narrative match what you use in the budget table. For example, if the budget narrative describes the need for two computers at an estimated cost of five hundred dollars each, then the budget table should reflect this cost as a total of one thousand dollars. This may seem like an obvious point, but in the past we've seen budgets that have inconsistencies such as these between the budget narrative and the budget tables. Next, ensure that the costs are categorized correctly within the budget table. If you plan to fund a Race to the Top – District supported position and that individual will be hired as an employee of the LEA, then the funds for the position should be categorized as personnel. However, if you plan to contract for services for the position, then the funds should be categorized as contractual. Additionally, ensure that numbers in the budgets add up correctly. Again, this may seem very obvious, but it is a place where mistakes are easily made. Check and recheck to make sure that line items in each budget table equal the total in that budget table. Check and recheck to make sure that the totals from each budget category on each budget table and the overall total from each project budget add up to the total in the overall summary table. We know that applicants make last minute changes to their budgets before submitting their applications, so make sure to update the tables in both the electronic spreadsheets and copy them into the application in part 11 before submitting your application. Next, be sure to select the appropriate budget band based on the number of participating students in your proposal. Finally, the budget narrative should include a justification for all costs including contractual costs. A justification can be based on similar costs incurred by the districts or other research the districts has done to obtain an estimated cost for that expense. The justification should include sufficient detail, such that the Department can clearly understand how the cost estimates were derived.

We will now quickly review the Department's review of the budget. The Department is required to conduct a review of the budgets and discretionary grant awards before making awards. This review will include a check to ensure that all costs are allowable, allocable, necessary, reasonable, and consistent. Once we have completed the initial budget review, we will reach out to potential grantees in December 2013. These conversations may include a request for additional information or rationale for certain budget items. Potential grantees must cooperate with the Department until budgets are finalized. Note that the Department has discretion in determining the final amount of a discretionary grant award. This includes the authority to reduce proposed budgets. The extent to which the items and activities in the budget are allowable, allocable, necessary, reasonable, consistent, and well-justified will help the Department in determining the final amount of the grant award. Please note that in order to maximize the amount of time districts have to complete their application we have a very tight window to conduct budget reviews. Please take the time up front to create thoughtful and clear budgets. This process will move much faster if you begin with a clear and accurate budget and additionally ensure that you have the right people on hand for the budget reviews throughout December. In checking for allowable costs, the Department will review the budget to ensure that budgeted items and activities are allowable under the relevant statutes, regulations, and governing cost principles. We will also be reviewing the budget

to determine if the budgeted items are allocable. In other words, that the activity or item specifically benefits the project. We will be checking the budgeted items and activities to determine if they are necessary and that costs are reasonable. This is why it's important to justify your cost estimates. Finally, we will be checking for consistent treatment as previously mentioned. Consistent estimates should be used for similar items, and any discrepancy should be clearly explained.

As we already discussed in earlier slides, the Department has developed a number of resources. The resources listed here are the ones that we discussed in the beginning of the webinar. And as we mentioned we've also held a number of technical assistance webinars. The materials for those webinars are available on our website. As a reminder, applications must be received by the Department no later than four thirty PM on Eastern Standard Time on October 3rd 2013. We will be providing an application tip sheet for applicants that will be available on the Race to the Top – District website later this month. Finally, the Department will award Race to the Top – District grants by December 31st 2013. We are now going to answer some of the questions that we have received thus far throughout the presentations. We do know that we're very quickly approaching the three thirty hour so we will stay on the line and answer as many questions as possible, however, if you have to drop off the line, the talking points and notes from this presentation as well as the transcript will be available in about a week or two. So please check our website if you have questions but are unable to stay on the line to hear those responses.

So I am going to put the phone on mute for just one minute while we review the questions we received so far, and we will be back as quickly as possible. Okay, so we received a few questions about calculating indirect costs on the contractual line. So to quickly review, grant applicants can only calculate indirect costs on the first \$25,000 per contract per year. And that guidance is actually the Department's guidance. That's found in the Department's Cost Allocation Guide and is not guidance for a decision that is unique to the Race to the Top – District program. So there is no flexibility in changing that cap. So for more information on that you can refer to our FAQs, and that will link you directly to the cost allocation guide which discusses in much more detail how to calculate indirect cost, particularly on the contractual line.

We got a question that asks can we insert the project period year in the electronic spreadsheet under the appropriate year? If not, where should it be placed? We want to be clear that the Race to the Top – District grant is only a four year grant. So grantees do have flexibility in determining the project years within that award period, but the start date of all Race to the Top – District grants is the date that awards are issued, and the end date is four years later. Within that period grantees can determine the start and end date of each year. So you shouldn't insert a new column in the spreadsheet. There is space at the top of the project level table that allows you to insert the start and end date. And again that's on the project level table and table 4-1, and not on the overall table.

One question asks, can one budget be used for the entire application rather than breaking down into separate projects. So you can choose to have one project if that's appropriate for your application. However, regardless even if you just have one project you must complete all parts of the budget so that includes the overall table, table 1-1, the summary list 2-1, as well as the two project requirements table 3-1 and 4-1. So again, you can have one project. We do encourage you to think about this work

strategically and divide it up into more than one project if there are multiple streams of work. But if you do choose to have one project, you do still have to complete all portions of that application.

Another question asks, are the electronic budget spreadsheets optional or required? The RFP stated that they were required but there was the question of whether one of the presenters said they were optional. So we do strongly recommend that you use the electronic budget spreadsheets provided by the Departments, but it is not required. But you must complete the budget tables in the application, so all of the tables that are included in the electronic budget spreadsheets are the required tables in the application. So by using those electronic budget spreadsheets, the program will do most of the hard work for you. It will automatically populate the totals and pull the information, so although it is not required, we do strongly encourage you to use it.

A question asks, December 2017 is the end date for the grant; can the first year be as short as six months or as long as eighteen months? And the answer is yes. To review this, please see FAQ E-32. As already mentioned, grantees do have some flexibility in determining their budget years. And there is an example in FAQ E-32 that may be helpful.

One question asks, would tuition for dual enrollment go under training stipends, other, or contractual. Any option may work, but in any case please clearly label and justify which category you choose. Also remember that these are preliminary budgets and may be subject to revisions, if an application is selected for funding through the budget review process. So, use your judgment up front about what you think is the best category and make sure you provide a strong rationale for that. Certainly there is some flexibility during the budget review process if your application is chosen for funding to make any corrections if necessary.

We've gotten a few questions about how to organize budgets for a consortium applicant. In general, your project budgets should refer to the work in your application. Therefore, if there is specific work that you described in your application narrative that is specific to some of your member districts, it may make sense for you to organize your budget in that way. Conversely we do encourage you to have a comprehensive plan for personalized learning as outlined in Absolute Priority One. It may make sense to have project budgets that span all members of your consortium. This really is up to the applicant and is specific to the applicant and we cannot provide any more specific guidance on any one proposal or approach beyond that. But in general, for both individual and consortium applicants, you should organize your project budgets based on the work that's described in your proposal, and use your discretion as to the best way to do that. We see a range of budgets varying from one to twenty. So your budget really should reflect the work of your proposal.

A question asks, can an LEA include funds in its Race to the Top – District proposed budget if it's located in a State that's on high risk status for another ED program? And as we've said on previous webinars if an LEA is located in a State that's on high risk status under another ED program that LEA may still apply for a Race to the Top – District grant. And you should use your best judgment as you respond to the selection criteria and determine how you are going to meet both the eligibility requirements as well as how you're going to design and develop your budget. It is possible that the State's high risk status is

unrelated to the requirements and criteria of this program, and even so if it a State's high risk status that is related to the Race to the Top – District requirements, the LEA may be surpassing those requirements. So certainly, if an LEA's application is competitive the Department will review the application prior to making the award to verify that the LEA has met all requirements for both the application and the eligibility requirements, as well as the budget.

We've gotten a few questions about how to change budgets if awarded a grant and we will deal with those if you are selected as a grantee. That is not something that is applicable to the application process so if you are awarded a grant you will learn more about those procedures at that time.

One question asks, are funds from other sources required for a Race to the Top – District award? The answer is no. However, you should look closely at selection criterion F-2 regarding budget and sustainability.

We've also received a few very specific questions related to developing your budgets and how to allocate funds, and we want to remind you again that we cannot answer questions that are specific to an individual proposal or approach. So as a general statement, use your best judgment in preparing your budget and your application. If you receive a grant award you will have the opportunity to correct any outstanding issues and the Department will work closely with you to make sure that your budget is final. And certainly refer to the FAQ document that provides a lot of helpful information both about completing the budget section of your application as well as general requirements about logistics such as page numbers as well as clarifying questions about performance measures and selection criteria.

So we are going to put you on mute for just one minute and see if there are any questions we missed and we will be back in a second.

Okay, just a few last questions that we will answer that we have not gotten to yet. We've gotten again some pretty specific questions about allowable uses of funds. Again, we can't comment on specific proposals but encourage you to look at FAQ G-1 that outlines what the allowable uses of funds are. In addition to the allowable uses of funds remember that every cost in your budget must be supported in your application narrative and must be related to implementation of your proposal.

Someone asked related to the project period what date should we assume for an award to be made and the work to begin. As we mentioned the Department must make all awards by December 31st 2013. So you can assume an award date of December 2013 when starting your project period.

And we did get one question about where to insert funds from supporters. We are assuming that this question is related to outside sources of funds that could be used to support your Race to the Top – District plan. To answer, we would expect to see those in line 12 of the project level budget table. And we expect you to insert the same information as Renee walked through earlier about the amount of those funds per year and what those funds will be used to support as far as regarding the implementation of your plan.

Finally, we did receive one last question regarding a consortium application that asks would each LEA complete a table 1-1 or would this only be completed for the consortium in total? 1-1 is the overall budget summary table. You should only have one overall budget summary table that adds up to your total award amount that is required in the program requirements. So remember that total overall budget summary tables should include your total grant award that must be within the applicable budget range for the number of participating students in your application.

And at this time we have answered all of the questions that are related to completing the budget portion of the application. Again, we will be holding a webinar on September 11th that will be specifically focused on answering any questions that we received in our Race to the Top – District mailbox. As a reminder, that mailbox is 2013.racetothetop.district@ed.gov. So please send any questions to that mailbox as you have them and we will do our best to answer as many questions as possible within our ability on that webinar on September 11th. And for registration information for that webinar as well as other helpful resources and information about other future technical assistance opportunities, please continue to visit our website.

So with that thank you all for your time and patience today. Sorry we went a little over on time but hopefully it was useful to you as we were able to answer quite a few questions. So thank you and we hope you have a nice day.